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CASABLANCA FOR FCS (KITSON)

E.O. 12958: N/A
TAGS: EAIR ETRD ECON TS
SUBJECT: TUNISIAN FINANCE MINISTER DISCUSSES OPEN SKIES AND
FRANCHISING

REF: A. TUNIS 696
B. TUNIS 608

Sensitive but Unclassified. Please protect accordingly.

Summary

¶1. (SBU) The Ambassador and Tunisian Minister of Finance Mohamed Rachid Kechich discussed the U.S.-Tunisian trade relationship, Open Skies, franchising, and the possibility of a U.S. trade delegation in early 2010. Kechich expressed a strong desire to improve the bilateral trade relationship, but was not willing to go into specifics on key trade and investment mechanisms such as Open Skies and the newly-passed franchising legislation. End summary.

Focused on Trade and Investment, Blurry on Details

¶2. (SBU) The Ambassador paid a courtesy call on Minister of Finance Mohamed Rachid Kechich on November 11. Kechich opened with a positive description of Tunisia's economic climate and its economic relations with the United States. He said he wanted to expand the U.S.-Tunisian trade relationship, which has been growing but is currently unbalanced in favor of the United States. He said Tunisia is a stable and open country that offers U.S. investors protection from double taxation. He described the Tunisian dinar as "almost convertible, more so for companies than for individuals," and opined that further economic development is needed before Tunisia can fully liberalize its currency.

¶3. (SBU) Minister Kechich raised the issue of an Open Skies agreement, indicating that such an agreement would help boost U.S.-Tunisian economic ties, particularly through tourism. The Ambassador noted that the U.S. was interested in concluding an Open Skies agreement with Tunisia and had forwarded for consideration a revised draft agreement to the Ministry of Foreign Affairs on September 14 (ref A). Kechich said he aimed for an agreement that "protects the interests of both sides." (Note: Tunisair announced last month that it had signed General Sales Agreements with companies in the United States and Canada as a precursor to direct flights following the delivery of new Airbus A330-200 aircraft in ¶2011. End Note.)

¶4. (SBU) The Ambassador asked Kechich how the Government of Tunisia (GOT) planned to implement the recent law on franchising (ref B), particularly with respect to repatriation of royalties. In a vague answer, Kechich said that implementation of the franchise law would need to "benefit both sides" and that investors were already becoming aware of the rules in place. He said there would be no tax discrimination against franchises.

¶5. (SBU) The Ambassador noted the potential visit in February 2010 of a U.S. trade mission to Tunisia. Kechich said he wanted to reach out to U.S. investors, and offered to organize information sessions for the potential U.S. delegation.

GRAY